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## INITIATIVE 722

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 722 to the People is a true and correct copy as it was received by this office.

1       AN ACT Relating to limiting taxes; amending RCW 84.55.0101;  
2       reenacting and amending RCW 84.55.005; adding a new section to chapter  
3       84.55; adding new sections to chapter 84.36 RCW; creating a new  
4       section; and repealing RCW 84.55.092.

5       BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6       **LIMITING TAXES BY INVALIDATING 1999 TAX INCREASES IMPOSED WITHOUT VOTER**  
7       **APPROVAL**

8       NEW SECTION.   **Sec. 1.** A new section is added to chapter 84.55 RCW  
9       to read as follows:

10       (1) Any tax increase adopted by the state from July 2, 1999,  
11       through December 31, 1999, is null and void and of no effect. All  
12       taxes collected as a result of such tax increases shall be refunded to  
13       the taxpayer.

14       (2) For the purposes of this section, "tax" includes, but is not  
15       necessarily limited to, sales and use taxes; property taxes; business  
16       and occupation taxes; fuel taxes; impact fees; license fees; permit

1 fees; water, sewer, and other utility charges, including taxes, rates,  
2 and hook-up fees; and any other excise tax, fee, or monetary charge  
3 imposed by the state.

4 (3) For the purposes of this section, "tax" does not include:

5 (a) Higher education tuition;

6 (b) Civil and criminal fines and other charges collected in cases  
7 of restitution or violation of law or contract; and

8 (c) The price of goods offered for sale by the state.

9 (4) For the purposes of this section, "tax increase" includes, but  
10 is not necessarily limited to, a new tax, a monetary increase in an  
11 existing tax, a tax rate increase, an expansion in the legal definition  
12 of a tax base, and an extension of an expiring tax.

13 (5) For the purposes of this section, "tax increase" does not  
14 include taxes approved by a vote of the people.

15 (6) For the purposes of this section, "state" includes, but is not  
16 necessarily limited to, the state itself and all its departments and  
17 agencies, any city, county, special district, and other political  
18 subdivision or governmental instrumentality of or within the state.

#### 19 **LIMITING TAXES BY EXEMPTING VEHICLES FROM PROPERTY TAXES**

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW  
21 to read as follows:

22 (1) Vehicles are exempted from property taxes as long as the retail  
23 sales tax of chapter 82.08 RCW applies to vehicles.

24 (2) For purposes of this section, "vehicles" include all vehicles  
25 licensed under chapter 46.16 RCW including, but not necessarily limited  
26 to, personal and business owned cars, trucks, sport utility vehicles,  
27 motorcycles, motor homes, campers, travel trailers, and mobile homes  
28 held as inventory.

29 (3) The purpose of this section is to exempt from property taxes  
30 all vehicles previously exempted from property taxes prior to the  
31 adoption by the people of Initiative Measure No. 695, the \$30 License  
32 Tab Initiative.

#### 33 **LIMITING TAXES BY EXEMPTING INCREASES IN PROPERTY TAX VALUATIONS ABOVE** 34 **2% PER YEAR**

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 84.36 RCW  
2 to read as follows:

3        (1) As long as the sale of property is subject to the real estate  
4 excise tax in chapter 82.46 RCW and unless otherwise exempt from  
5 property taxes, a person shall be exempt from any legal obligation to  
6 pay the portion of property taxes attributable to any increase in value  
7 of property (other than for new construction or manufacture) over its  
8 1999 valuation level, plus the lesser of 2% per year or inflation.

9        (2) As long as construction materials are subject to the retail  
10 sales tax of chapter 82.08 RCW, a person shall be exempt from any legal  
11 obligation to pay the portion of property taxes on newly constructed or  
12 manufactured property after 1999 over the property tax imposed on the  
13 owner of a comparable property constructed as of 1999, plus the lesser  
14 of 2% per year or inflation.

15        (3) For purposes of this section:

16        (a) "Property" means real and personal property;

17        (b) "1999 valuation level" means the correct valuation shown on the  
18 property tax statement in effect on January 1, 1999;

19        (c) "Inflation" means the percentage change in the implicit price  
20 deflator for personal consumption expenditures for the United States as  
21 published for the most recent twelve-month period by the bureau of  
22 economic analysis of the federal department of commerce in September of  
23 the year before the taxes are payable;

24        (d) "New construction or manufacture" does not include  
25 reconstruction after fire or other natural disaster and does not  
26 include maintenance or replacement of existing components, such as  
27 roofs, siding, windows, doors, and parts of equipment; and

28        (e) "Person" means any person or entity which pays property taxes.

29        (4) This tax exemption is based on:

30        (a) The need to promote neighborhood preservation, continuity, and  
31 stability by limiting the tax burden;

32        (b) The fact that many property owners have sold their property, or  
33 are considering the sale of property, because of the increased tax  
34 burden caused by rapid increases in property valuations; and

35        (c) All property owners are entitled to know that property taxes  
36 will be predictable and uniform for every present and future property  
37 owner.

**NEW SECTION. Sec. 4.** A new section is added to chapter 84.36 RCW to read as follows:

(1) Increases in property tax attributable to maintenance improvements made after January 1, 1999, shall be exempt from property taxes. This exemption promotes neighborhood preservation, continuity, and stability.

(2) This section applies as long as the retail sales tax of chapter 82.08 RCW remains in effect.

(3) For purposes of this section, "maintenance improvements" includes:

(a) reconstruction after fire and natural disaster; and

(b) replacement of existing components such as roofs, siding, windows, doors, and painting.

**LIMITING TAXES BY LIMITING GROWTH OF PROPERTY TAXES TO 2% PER YEAR**

**Sec. 5.** RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred ~~((six))~~ two percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor under that section or one hundred ~~((six))~~ two percent;

(c) For all other districts, the lesser of one hundred ~~((six))~~ two percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140.

**Sec. 6.** RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read as follows:

1       Upon a finding of substantial need, the legislative authority of a  
2       taxing district other than the state may provide for the use of a limit  
3       factor under this chapter of one hundred (~~(six)~~) two percent or less.  
4       In districts with legislative authorities of four members or less, two-  
5       thirds of the members must approve an ordinance or resolution under  
6       this section. In districts with more than four members, a majority  
7       plus one vote must approve an ordinance or resolution under this  
8       section. The new limit factor shall be effective for taxes collected  
9       in the following year only.

10   **LIMITING TAXES BY REPEALING LAW WHICH ALLOWS "STOCKPILING" OF FUTURE**  
11   **PROPERTY TAX INCREASES**

12       NEW SECTION.   **Sec. 7.**   RCW 84.55.092 (Protection of future levy  
13       capacity) and 1998 c 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3 are each  
14       repealed.

15   **CONSTRUCTION CLAUSE**

16       NEW SECTION.   **Sec. 8.**   The provisions of this act are to be  
17       liberally construed to effectuate the policies and purposes of this  
18       act.

19   **SEVERABILITY CLAUSE**

20       NEW SECTION.   **Sec. 9.**   If any provision of this act or its  
21       application to any person or circumstance is held invalid, the  
22       remainder of the act or the application of the provision to other  
23       persons or circumstances is not affected.

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